

Message Text

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TO AMEMBASSY TOKYO

C O N F I D E N T I A L STATE 152422

E.O. 11652: GDS

TAGS: EAGR, US, JA

SUBJECT: SYNOPSIS OF AMBASSADOR DENT'S USDA TRADE POLICY
BRIEFING PAPER

FOR AGATT

REF: STATE 148278

1. USDA, FAS FURNISHING AMBASSADOR DENT WITH SHORT BRIEFING
PAPER ON U.S. AGRICULTURAL TRADE POLICY ISSUES WITH GOJ.
INTRODUCTORY COMMENT MENTIONS TRADE VOLUME IN BOTH DIRECTIONS
AND MAJOR COMMODITIES, UNDERLINING FACT THAT JAPAN IS U.S.
AGRICULTURE'S MAJOR CUSTOMER IN WORLD. POLICY ISSUES COVERED
INCLUDE MTN; ILLEGAL QUOTAS; TARIFFS; AND HEALTH AND SANITARY
REGULATIONS. TEXT OF LATTER THREE TOPICS IS AS FOLLOWS:

"ILLEGAL QUOTAS: DESPITE INTENSIVE BILATERAL CONSULTATIONS
SINCE 1968 ON QUOTA LIBERALIZATION, GATT ILLEGAL IMPORT QUOTAS
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REMAIN ON 22 AGRICULTURAL COMMODITIES. DURING THE PAST SEVEN YEARS,
THE U.S. HAS SHOWN EXTREME PATIENCE AND GIVEN JAPAN EVERY
OPPORTUNITY TO REMOVE ITS QUOTAS WITHOUT BRINGING IT BEFORE THE
GATT. WE HAVE CONSISTENTLY ASKED FOR QUOTA LIBERALIZATION ON:

BEEF, FRESH ORANGES, FRUIT AND VEGETABLE JUICES, EDIBLE PEANUTS, MAPLE SYRUP, AND DRIED PEAS AND BEANS. IN APRIL, WE WERE ADVISED THAT THE IMPORT QUOTA BAN ON BEEF WOULD BE LIFTED IN JUNE 1975 WITH AN INITIAL QUOTA OF 10,000 METRIC TONS. THERE HAS BEEN NO OFFICIAL MAF ANNOUNCEMENT ON THIS QUOTA. WE WANT TO KNOW IF AND WHEN THE QUOTA WAS PUT INTO EFFECT AND INTENTIONS REGARDING FUTURE QUOTA ALLOCATIONS. WE WOULD ALSO LIKE ASSURANCES THAT JAPAN'S NEW BEEF STABILIZATION PROGRAM WHICH SETS CEILING AND FLOOR PRICES WILL NOT RESULT IN REDUCED QUOTAS WHEN MARKET PRICES ARE NEAR THE FLOOR.

"QUOTA LIBERALIZATION HAS REACHED A STANDSTILL AND INTENSIVE BILATERAL CONSULTATIONS HAVE NOT BEEN HELD FOR SOME TIME. JAPAN SHOULD BE ADVISED THAT WE DO NOT INTEND TO DROP THIS ISSUE, AND WILL USE THE MTN SUBGROUP ON QUANTITATIVE RESTRICTIONS AS A MECHANISM TO PURSUE QUOTA REMOVAL. IT SHOULD ALSO BE MADE CLEAR THAT THE U.S. STILL RESERVES ITS GATT RIGHTS (ARTICLE XXIII) ON JAPAN'S ILLEGAL QUOTAS.

"TARIFFS: AS PART OF ITS LIBERALIZATION PROGRAM, JAPAN CONSIDERED U.S. REQUEST FOR TARIFF REDUCTIONS AT HAKONE (1972) AND SUBSEQUENT MEETINGS. JAPAN'S 1972 TARIFF REDUCTIONS AFFECTED ONLY 2 PERCENT OF U.S. FARM EXPORTS TO JAPAN, AND FURTHER TARIFF CUTS DID NOT AFFECT ANY AGRICULTURAL COMMODITIES OF INTEREST TO THE UNITED STATES. COMMODITIES ON WHICH THE U.S. WILL CONTINUE TO PRESS FOR CUTS ON A PRIORITY BASIS INCLUDE: POULTRY MEAT, BEEF, FRESH AND CANNED FRUIT, TURKEY ROLLS AND CANNED CORN. FURTHERMORE, WE WILL PURSUE OUR EFFORTS TO HAVE THE VARIABLE LEVY ON PORK REMOVED. (NOTE: IT WAS UNOFFICIALLY REPORTED THAT JAPAN IS CONSIDERING IMPOSING A TARIFF ON SOYBEANS WHICH NOW ENTER UNDER A TEMPORARY FREE RATE (GATT RATE 2.40 YER KG). IF THIS IS RAISED, ASIDE FROM OUR TRADE POLICY OBJECTIONS, THE GOJ SHOULD BE REMINDED THAT ANY TARIFF INCREASE WOULD CAUSE A DETERIORATION IN THE CRUSHING MARGINS FOR SOYBEAN PROCESSORS MANY OF WHOM ARE ALREADY IN DIFFICULT FINANCIAL STRAITS.)

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"HEALTH AND SANITARY REGULATIONS: JAPAN ALSO MAINTAINS FOOD ADDITIVE REGULATIONS AND CERTAIN HEALTH AND SANITARY RESTRICTIONS WHICH LIMIT OR PROHIBIT IMPORTS OF SUCH COMMODITIES AS IN-SHALL PEANUTS, FORAGE SEEDS, AND POULTRY MEAT. NEITHER PROTECTION OF JAPANESE AGRICULTURE NOR CONSUMERS PROVIDE FULLY DEFENSIBLE ARGUMENTS FOR THE STRINGENCY OF THESE RESTRICTIONS. THE U.S. FORMALLY PETITIONED THE JAPANESE GOVERNMENT IN APRIL TO ESTABLISH A MAXIMUM TOLERANCE LEVEL FOR CERTAIN FUNGICIDES (COMMONLY KNOWN AS OPP AND TBZ) WHICH ARE USED BY THE U.S. ON CITRUS BUT PROHIBITED IN JAPAN. THESE FUNGICIDES ARE INTERNATIONALLY RECOGNIZED AS SAFE WHEN USED WITHIN THE PRESCRIBED TOLERANCE OF 10 PARTS PER MILLION AND ARE ACCEPTED BY CODEX ALIMENTARIUS. APPROVAL WOULD RESULT IN HIGH QUALITY IMPORT FRUIT AT THE LOWEST POSSIBLE

PRICE."

2. FOREGOING REPRESENTS USDA VIEW ONLY AND SHOULD NOT BE
REGARDED AS COORDINATED USG POSITION. INGERSOLL

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